

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

HB 669 – SB 597

April 28, 2009

SUMMARY OF AMENDMENT (007232): Deletes the language of the original bill; prohibits the court from dismissing violations for failure to provide evidence of financial responsibility when the person charged was not in compliance with the Financial Responsibility Law at the time the citation was issued; requires the court to promptly transmit the record of conviction to the Department of Safety; requires the Department of Revenue, upon request from the Department of Safety, to deny motor vehicle registration renewal for any convicted person until the person subsequently furnishes evidence of compliance.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – Net Impact –
\$4,237,900/FY09-10
\$8,475,800/FY10-11 and Subsequent Years

Increase State Expenditures –
\$540,700/FY09-10
\$837,700/FY10-11 and Subsequent Years

Decrease Local Revenue – Net Impact –
\$7,667,000/FY09-10
\$15,333,900/FY10-11 and Subsequent Years

Increase Local Expenditures –
Exceeds \$150,500/FY09-10*
Exceeds \$301,000/FY10-11 and Subsequent Years*

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – \$1,388,000/Recurring
Increase State Expenditures - \$14,400/One-Time
\$80,900/Recurring

Increase Local Revenue - \$32,000/Recurring

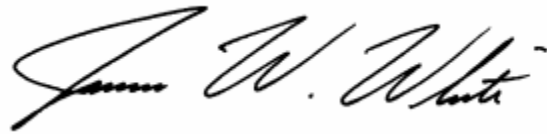
Assumptions applied to amendment:

- According to the Department of Safety (DOS), there were 16,000 violations that were dismissed upon the person presenting proof of insurance to the court that was obtained prior to the court disposition, but was not in effect on the date of the violation. This number is assumed to remain constant in subsequent fiscal years.
- According to DOS, since these violations could no longer be dismissed as a result of this bill as amended, the Department would be required to suspend the person's driver's license until proof of insurance is obtained.
- DOS projects that approximately 75 percent (12,000) will obtain insurance and have their licenses reinstated by paying a \$65 reinstatement fee. The increase to state revenue derived from reinstatement fees is estimated to be \$780,000 per year ($12,000 \times \$65 = \$780,000$).
- Since these violations would no longer be dismissed in court, there will be additional fine revenue to state and local government.
- DOS projects an average fine of \$50.
- Twenty percent will not pay fines due to indigence.
- Local government receives five percent of fine revenue as commission.
- The increase to state revenue derived from fines is estimated to be \$608,000 per year ($16,000 \text{ convictions} \times \$50 \times 80\% \times 95\% = \$608,000$).
- The increase to local government revenue derived from fines is estimated to be \$32,000 per year ($16,000 \text{ convictions} \times \$50 \times 80\% \times 5\% = \$32,000$).
- Based on 12,000 additional license reinstatements each year, DOS will require three additional positions. The associated increase to state expenditures is estimated to be \$80,900 per year (\$61,000 salaries, \$12,400 benefits, \$7,500 other). The associated one-time increase to state expenditures is estimated to be \$14,400 (computers, software, telecommunications, etc.).
- DOS indicates no changes to departmental systems since they are currently able to process such license suspensions.

- Based on information provided by DOR, and given that the Department currently denies registration renewal when notified by the Department of Safety, any additional change to state or local government revenue or expenditures is considered not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc